

D.C. Income Tax Filers: Tax Year 2004

Prepared by the Office of Revenue Analysis
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Who Must File?

- Single residents or residential households that are domiciled in D.C. for tax purposes – generally here for 183 days in the year or have D.C. as a permanent residence.

What is Taxed?

- Wage and salary income, incomes from investments including rental property, financial assets, and business activity, and pension income.
- Social Security income is not taxed.
- Credits are allowed for tax owed to a state. Income earned in D.C. by non-residents is not taxed.

Who Must Pay?

- Those with sufficient income for the tax to apply - after all credits, deductions and exemptions.

Who is Not in a Tax-Filing Household?

- More than 100,000 current D.C. residents such as:
 - Many students in higher education,
 - Citizens in nursing homes and other institutions,
 - Members of the U.S. military services,
 - Those with too little income, and
 - Those who avoid or evade taxes.
- Those exempt by federal acts, such as foreign diplomats and non-D.C. residents who work in the District.

More than one-fifth of D.C.'s population is not part of a tax filing household.

What are the differences among the filer types?

- Single filers are single with no dependents. Fifty-five percent of D.C. filers are single.
- Head of household filers are single and have dependents, such as children or elderly parents. About 22 percent of filers are single heads-of household.
- Dependents may file when their income is large enough to require it. They will still be counted on the returns of their guardian or parent, although their income is filed separately. They make up about 3 percent of filers.
- Married people make up about 20 percent of filers. They can file:
 - Jointly – usually when only one spouse works, or
 - Combined – usually when both spouses have income, or
 - Separately – usually when the spouses live apart.

Tax Year 2004 Income was Taxed in Fiscal Year 2005.

Income Tax Rates for 2004:

Net Taxable Income	Marginal Rate
\$0 - \$10,000	5.0%
\$10,000 - \$30,000	7.5%
More than \$30,000	9.0%

How Many People are Estimated to be Represented by Tax Year 2004 Filers?

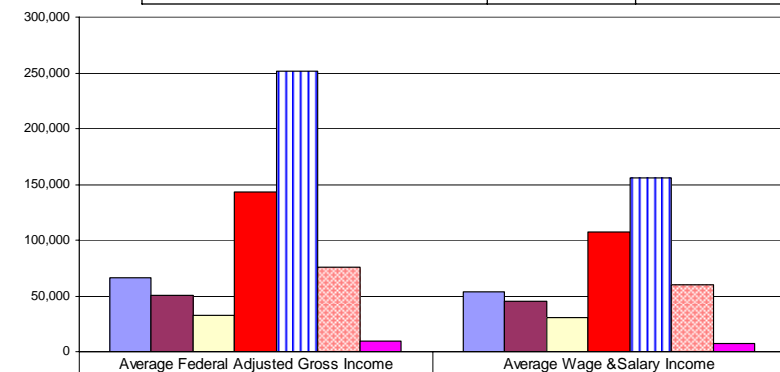
Total	393,840
Single	145,433
Head of Household	125,951
Married Joint	74,132
Married Combined	38,697
Married Separate	9,628

How Many Returns Were Filed in Tax Year 2004?

	Number	Percent of Total
Total	262,328	
Single Filers, no dependents	145,433	55.4%
Head of Household filers (single with dependents)	57,197	21.8%
Dependent Filers	7,799	3.0%
Filers Married filing Jointly	27,829	10.6%
Filers Married filing Combined	14,825	5.7%
Filers Married filing Separately	8,003	3.1%

Estimated Average Incomes by Filer Types:

Tax Year 2004 DC Individual Income Tax Returns



■ TOTAL	66,248	53,430
■ SINGLE, 1.0 persons/return	50,436	44,934
■ HEAD OF HOUSEHOLD, 2.2 persons/return	32,601	30,531
■ MARRIED JOINT, 2.6 persons/return	143,143	107,594
■ MARRIED COMBINED, 2.7 persons/return	252,028	155,537
■ MARRIED SEPARATE, 1.2 persons/return	75,780	59,600
■ DEPENDENT	9,176	7,245

What About the Working Poor?

- On average, people in the “head of household” filing group have much less income than people in other tax filing groups. They average about 1/3 the income of single people per person and less than that when compared to people in married households.
- The “working poor” – as indicated by the presence of the Earned Income Tax Credit (EITC) or Low Income Tax Credit - are found in all filer types. In total, about 1 in 5 tax filers claim such a credit in TY2004.
- Tax credits for low-income workers reduce tax burdens; the EITC can refund more than the taxpayer may owe and increase after-tax income.
- Filers for these credits represent about 57% of Head of Household returns. About 1 in 9 singles and married-joint filers get these credits.

Who Gets the Earned Income Tax Credit?

Filers with Earned Income Tax Credit or Low Income Tax Credit	Total	Percent of Filer Group
Single	16,145	11.1%
Head of Household	32,495	56.8%
Married Joint	3,373	12.1%
Married Combined	319	2.2%
Married Separate	268	3.3%
Total Filers	53,998	20.6%

How is Income Distributed?

- The median tax-filer in D.C. has \$30,000 in D.C. Adjusted Gross Income (AGI).
- This lower-income half of tax-filers pays about 7% of the tax.
- Tax-filers with \$100,000 or more D.C. AGI account for 11% of filers, 48% of income, and 61% of D.C. income tax.
- More than 80% of filers have less than average filer income.

Percentage of Filers with Wage and Salary Income

Total	85.7%
Single	84.5%
Head of Household	93.7%
Married Joint	81.9%
Married Combined	84.9%
Married Separate	80.9%
Dependent	73.5%

Returns, Gross Income, and D.C. Income Tax Liability from D.C. D-40

Category of Statistic: All Returns, TY2004	Breakeven and Loss	\$0.01 Under \$10,000	\$10,000 Under \$20,000	\$20,000 Under \$30,000	\$30,000 Under \$50,000	\$50,000 Under \$75,000	\$75,000 Under \$100,000	\$100,000 Under \$150,000	\$150,000 Under \$200,000	\$200,000 Under \$500,000	\$500,000 Under \$1,000,000	\$1,000,000 and Over
Total Number of Returns	6,813	41,368	43,718	39,596	54,823	31,148	15,397	13,817	5,827	7,299	1,606	916
TOTAL Gross Income, \$000	139,133	402,302	790,771	1,044,123	2,289,793	1,893,663	1,353,655	1,593,072	1,136,103	1,895,127	978,680	1,657,805
Total Taxes Totals, \$000	1,274	3,332	21,350	42,343	111,748	114,808	86,562	114,867	71,397	155,001	79,878	166,038
Percent of Returns	3%	16%	17%	15%	21%	12%	6%	5%	2%	3%	1%	0%
Percent of Income	1%	3%	5%	7%	15%	12%	9%	10%	7%	12%	6%	11%
Percent of Tax	0%	0%	2%	4%	12%	12%	9%	12%	7%	16%	8%	17%
Cumulative Percent of Returns	3%	18%	35%	50%	71%	83%	89%	94%	96%	99%	100%	100%
Cumulative Percent of Income	1%	4%	9%	16%	31%	43%	52%	63%	70%	83%	89%	100%
Cumulative Percent of Tax	0%	0%	3%	7%	19%	30%	39%	51%	59%	75%	83%	100%

GOVERNMENT OF THE DISTRICT OF COLUMBIA Office of the Chief Financial Officer

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Anthony A. Williams, Mayor • Natwar M. Gandhi, Chief Financial Officer • Julia Friedman, Deputy CFO for Revenue Analysis

